

Message Text

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ACTION EUR-12

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R 051609Z JUN 75

FM AMEMBASSY BONN

TO SECSTATE WASHDC 0544

INFO AMEMBASSY BERLIN

USMISSION USBERLIN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY MOSCOW

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C O N F I D E N T I A L SECTION 01 OF 02 BONN 09038

E.O. 11652: GDS

TAGS: PFOR, GW, GE, WB

SUBJECT: INNER-GERMAN NEGOTIATIONS--TRANSIT AGREEMENT
LUMP-SUM PAYMENT NEGOTIATIONS.

SUMMARY: FRG AND GDR HAVE OPENED NEGOTIATIONS TO SET THE AMOUNT OF THE ANNUAL LUMP-SUM PAYMENT AS PROVIDED IN ARTICLE 18 OF TRANSIT TRAFFIC AGREEMENT (TTA). FIRST NEGOTIATING ROUND FOCUSED ON QUESTIONS OF METHOD OF CALCULATION AND TIME FRAME TO BE COVERED BY AGREEMENT. THE ALLIES HAVE BEEN BRIEFED IN THE BONN GROUP ON THE FRG-GDR SESSION. END SUMMARY.

1. THE FIRST ROUND OF FRG-GDR NEGOTIATIONS ON THE ANNUAL LUMP-SUM PAYMENT ESTABLISHED IN ARTICLE 18 OF THE TTA (WHICH PROVIDES THAT COSTS RELATING TO TRAFFIC ON THE TRANSIT ROUTES SHALL BE PAID BY THE FRG TO THE GDR AS AN ANNUAL LUMP-SUM -- RATHER THAN BY INDIVIDUAL TRAVELERS -- AND THAT THE AMOUNT TO BE PAID FOR THE PERIOD BEGINNING JANUARY 1976 SHALL BE DETERMINED IN THE SECOND HALF OF

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1975 TAKING INTO ACCOUNT DEVELOPMENT OF THE TRANSIT

TRAFFIC -- THE AMOUNT TO BE PAID THROUGH 1975 WAS FIXED IN THE TTA ITSELF) WAS HELD IN EAST BERLIN ON MAY 15. FRG PERM REP HEAD GAUS LED BONN'S DELEGATION WHILE FINANCE MINISTRY HEAD OF DEPARTMENT NIMMRICH LED THE GDR DELEGATION. FRG BONN GROUP REP (KASTRUP) SAID ATMOSPHERE WAS BUSINESSLIKE AND THE SESSION WAS FOLLOWED BY A LUNCHEON ATTENDED BY BOTH DELEGATIONS. NIMMRICH OPENED TALKS BY REFERRING TO TTA ARTICLE 18 AS DEFINING TASK BEFORE THE DELS AND SAID THERE WERE TWO BASIC QUESTIONS WHICH REQUIRED INITIAL RESOLUTION: A) METHOD OF CALCULATION OF THE SUM WHICH FRG WILL PAY; AND B) TIME FRAME TO BE COVERED BY THE AGREEMENT TO BE REACHED.

2. ON CALCULATION OF AMOUNT, NIMMRICH GAVE GDR VIEW AS FOLLOWS. THE AMOUNT WHICH EACH TRAVELER/VEHICLE PAID FOR TRANSIT PRIOR TO TTA AND 1971 TOTALS, BASIC TO SETTING OF LUMP SUM IN TTA, WOULD BE STARTING POINT. TOTAL TRAFFIC FOR PERIOD SINCE TTA WOULD BE CALCULATED AND THE AMOUNT OF THE LUMP SUM ACTUALLY PAID BY FRG UNDER TTA WOULD BE COMPARED TO THE AMOUNT WHICH THE GDR WOULD HAVE OBTAINED HAD THE LUMP-SUM SYSTEM NOT BEEN USED. FUTURE TRAFFIC, BEGINNING WITH 1976, WILL THEN BE ESTIMATED AND AMOUNT OF NEW LUMP-SUM PAYMENT WILL BE BASED ON POTENTIAL GDR FEE INCOME IF COLLECTIONS WERE TO BE MADE ON INDIVIDUAL BASIS. GAUS AGREED TO THE GDR PROPOSAL.

3. ON TIME FRAME, THE GDR REP SAID THERE HAD BEEN NO ADVANTAGE TO HIS GOVERNMENT TO AGREE TO SETTING AMOUNT OF LUMP-SUM PAYMENT IN TTA FOR SUCH LONG TIME AS THROUGH 1975. NIMMRICH THEN RECOMMENDED NEW AGREEMENT COVER 1976 THROUGH 1980 (SISIC*). GAUS SAID THAT BONN COULD AGREE TO ARRANGEMENT WHICH WOULD COVER SEVERAL YEARS BUT RESERVED ON ACTUAL PERIOD TO BE COVERED.

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C O N F I D E N T I A L SECTION 02 OF 02 BONN 09038

4. GAUS PROPOSED ESTABLISHMENT OF EXPERTS GROUP TO PREPARE NECESSARY DATA BASE TO BE USED FOR CALCULATING AMOUNT OF PAYMENT. NIMMRICH RESERVED HIS POSITION, BUT AGREED TO SECOND ROUND ON JUNE 12 WITH THE QUESTION OPEN AS TO WHETHER HE AND GAUS WOULD PARTICIPATE OR IF THAT ROUND WOULD BE HELD ON EXPERT LEVEL.

5. COMMENT: IT SEEMS TO US THAT NIMMRICH'S STATEMENT THAT "LONG" TIME FRAME COVERED BY PRESENT LUMP-SUM AGREEMENT DISADVANTAGEOUS TO GDR WAS RATHER DISINGENUOUS. THE GDR MUST SURELY NOT ENJOY GOING INTO A NEGOTIATION WHICH THEY OBVIOUSLY WANT QUITE BADLY TO SUCCEED (THERE ARE A LOT OF HARD WEST GERMAN MARKS AT STAKE--THE PRESENT LUMP SUM IS DM 234.9 MILLION PER YEAR). THIS IS NOT TO SAY, OF COURSE, THAT BONN DOES NOT HAVE A REAL INTEREST IN REACHING AN AGREEMENT: THE FEDERAL GOVERNMENT HAS A STAKE IN ENSURING THE CONFIDENTIAL

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CONTINUED SMOOTH AND CONVENIENT FLOW OF TRANSIT TRAFFIC TO AND FROM BERLIN. BUT THERE WOULD SEEM TO BE AN UPPER LIMIT TO WHAT THE WEST GERMAN PUBLIC WOULD BEAR, AND OUTRAGEOUS GDR CLAIMS WOULD BE CERTAIN TO RAISE FURTHER PUBLIC QUESTIONS ABOUT BONN BEING THE PAYMASTER FOR AN EAST BERLIN WHICH NEVERTHELESS REMAINS OBDURATE. IT IS WORTH NOTING THAT THE ATMOSPHERICS OF THE CURRENT GDR PRESS CAMPAIGN REGARDING GENSCHER'S TRIP TO BERLIN AND THE STATUS OF THE CITY HAVE NOT CARRIED OVER TO THE SPHERE OF INNER-GERMAN NEGOTIATIONS. THE RECENT ROUNDS REGARDING SEVERAL AREAS HAVE BEEN CONDUCTED ON BUSINESS-LIKE IF NOT EVEN, IN SOME CASES, FRIENDLY BASIS, AND DATES HAVE BEEN SET IN EACH CASE FOR SUBSEQUENT SESSIONS.

REGARDING ANY LINKAGE BETWEEN THE LUMP SUM TALKS AND THE
ONGOING SESSIONS ON RAIL AND ROAD TRANSIT TRAFFIC,
KASTRUP SAID GAUS HAD NOT INDICATED ANY LINKAGE TO
NIMMRICH, BUT THIS WOULD NOT PREJUDICE HIS DOING SO AT
LATER TIME IF FRG BELIEVED THIS ADVANTAGEOUS.
HILLENBRAND

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